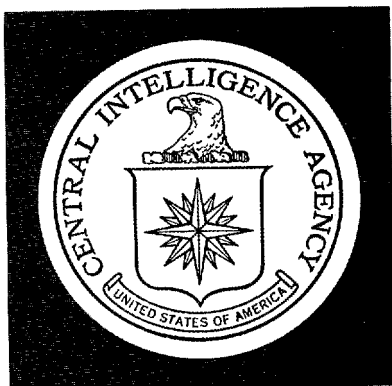


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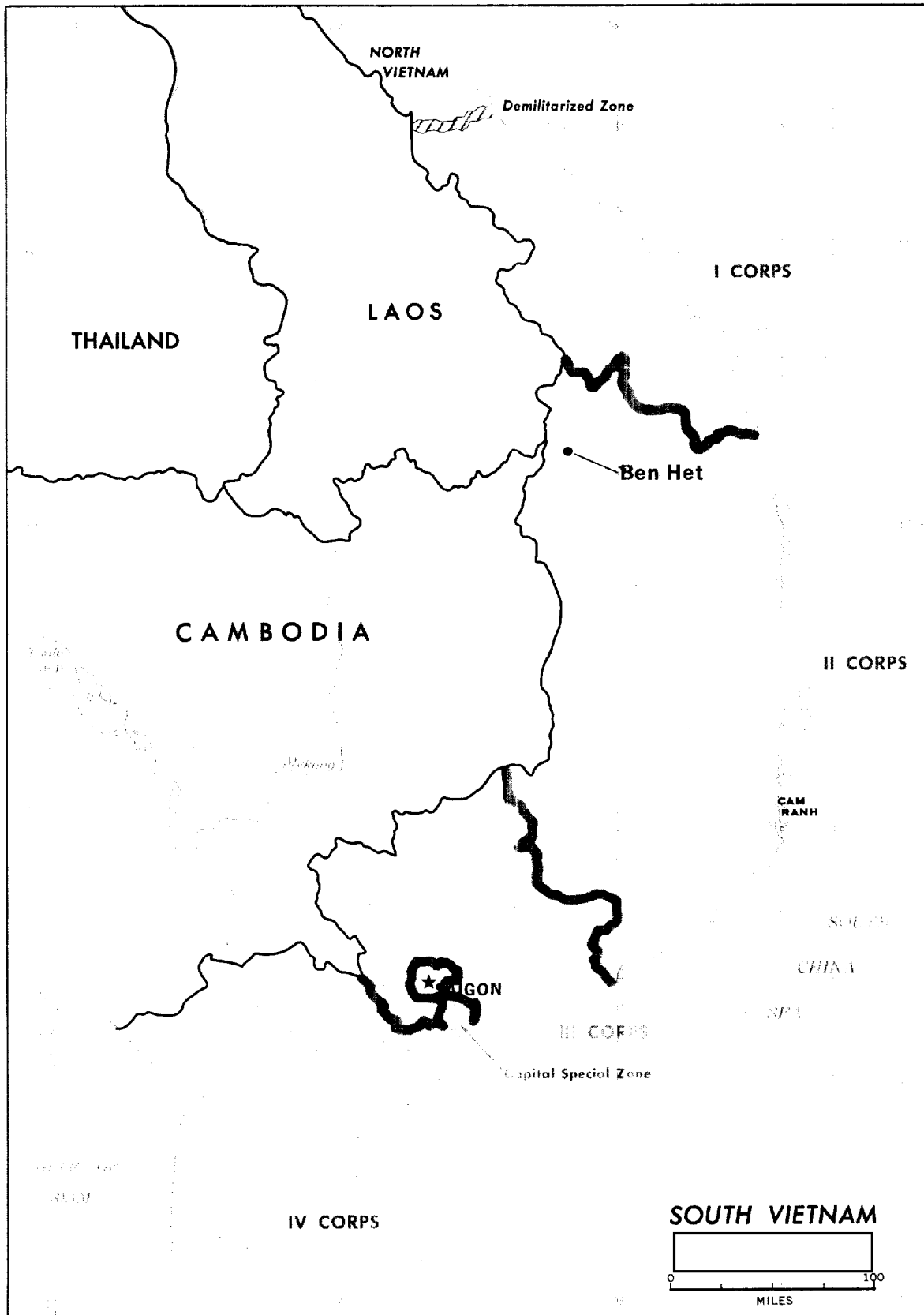
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Vietnam: Communist military activity in South Vietnam continues to be focused on the allied military complex at Ben Het.

Enemy shellings of Ben Het were intensified on 26-27 June and there are indications that the Communists hope to increase pressure on the outpost.

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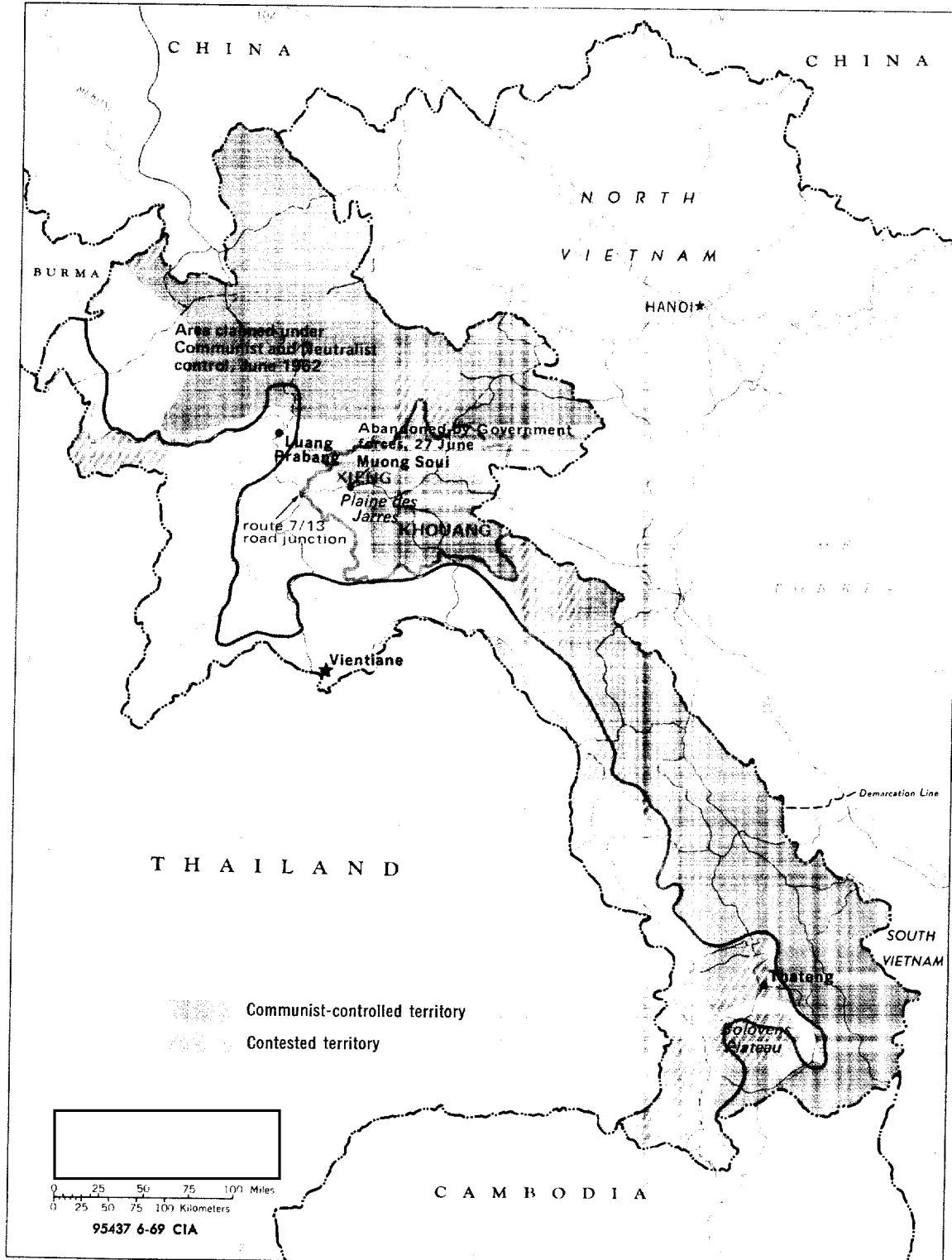
A recent speech by North Vietnam's Defense Minister Vo Nguyen Giap reaffirms his long-standing view that Communist forces can fight as long as necessary if they employ the right military tactics. Giap outlined a strategy of small-scale but persistent military operations designed to frustrate US objectives, maintain pressure on the allies, and preserve Communist military forces. This is the first significant statement of Hanoi's military strategy since the regime conducted a major policy review this spring. Giap's line suggests the Communists plan to stick to the same kind of military tactics they have been employing during the past year. (Map)

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LAOS: Current Situation



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Laos: Government forces have abandoned Muong Soui.

The wholesale desertion of neutralist troops forced the government's hand, although enemy pressure had eased.

The Thai artillery battalion, an important element in the defense of the base, was evacuated by US helicopters on 27 June.

Communist forces have mounted a number of small-scale attacks against the lightly defended Route 7/13 road junction to the west of Muong Soui, but there are no signs that the enemy is moving large numbers of troops into western Xieng Khouang Province. In light of past Communist practices, and given the currently poor weather, enemy forces will probably focus their immediate attention on consolidating their newly won positions west of the Plaine des Jarres.

The Lao Communist radio has termed the recent fighting a defensive operation designed to regain one of the "important strategic positions" the Communists held at the time the 1962 Geneva Accords were signed. The Communists will probably trumpet the capture of Muong Soui as "proof" that the pro-Communist neutralist faction represents the genuine neutralists in the tripartite Laotian Government.

(Map)

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West Germany: Bonn is still expected to delay its decision on signing the nuclear nonproliferation treaty until after the September national election.

The discussion of the treaty at the cabinet meeting on 18 June was inconclusive, according to officials in Bonn. The principal result was an instruction to the Foreign Ministry to prepare a fresh summary of remaining objections.

The cabinet is expected to consider the issue again in July to sharpen German positions and to instruct the Foreign Ministry to pursue them with the US and USSR. The objective will be to clarify the points at issue by the time the next West German government is formed, presumably in October.

Both Kiesinger and Foreign Minister Brandt, according to an aide of the chancellor, still want to get assurance from Moscow that West Germany will be treated in exactly the same way under the treaty as other signatories. The chancellor is not likely to raise the treaty during his consultations in Washington in early August.

In the cabinet session on 18 June, Brandt argued that Bonn should first sign and then seek clarification of contentious points before ratification. Science Minister Stoltenberg, presenting the more prevalent conservative viewpoint, argued that assurances should be obtained first.

The usual arguments that the treaty was harmful to West German security and peaceful uses of nuclear energy were presented again. Finance Minister Strauss contended that the treaty sets up an unfair balance of obligations between nuclear and nonnuclear states.

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USSR: Analysis of Moscow's official statistics on industrial production for May shows little improvement over the sluggish performance registered during the first four months of the year.

Soviet civilian industrial production during May is estimated to have increased at the same relatively low rate of 4 1/2 percent achieved during the months of January through April. Although partially attributable to one less working day this May than in May 1968, the poor performance of many branches of industry appears to be basically the result of long-term factors.

The failure to improve upon the four-month growth rate in the production of industrial materials is particularly noteworthy; ferrous metals, commercial timber, and sulfuric acid failed to meet, for example, the fifth month plan goals. The continued lag in the rate of growth of these materials indicates that the USSR's over-all industrial performance will not improve appreciably for at least several more months.

The growth of the civilian machinery sector slowed noticeably in May compared with January-April, with significant declines in the rates of growth of motor vehicles, electric locomotives, machine tools, and television sets. Production of equipment for the high-priority petroleum and chemical industries was barely above the level achieved in May 1968. The output of many foodstuffs, including meat, during January-May remained below the levels registered during the same period last year.

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Latin America: Demonstrations are expected in Argentina and the Dominican Republic to protest Governor Rockefeller's fourth trip to Latin America which begins on Sunday.

In Argentina, government officials are uneasy over the opportunity for antigovernment demonstrations that the mission provides. Fourteen supermarkets financed by the Rockefeller family have already been burned by terrorists. [Last night, students began new demonstrations in Buenos Aires, and one student was killed in a clash with police. Student militants may attempt to use the death as a symbol to attract additional support for their demonstrations.]

In the Dominican Republic, the Governor will also face hostile students and workers.

[redacted] the Dominicans are capable of perpetrating serious disorders.

The rest of the trip--to Haiti, Jamaica, Guyana, and Barbados--should be relatively quiet. In Haiti, President Duvalier is determined to keep the visit free of incidents. Small demonstrations by black power groups could occur in the other three countries, however, and the pro-Communist Peoples' Progressive Party of Guyana may stage some sort of protest.

The security forces in all of the countries can probably control demonstrations and protect the Governor from organized violence. In so doing, however, they may be forced to take repressive actions severe enough to embarrass the mission or their own governments. This is particularly true in Argentina and the Dominican Republic.

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El Salvador - Honduras: The break in diplomatic relations will lead to further antagonism between the two countries.

Salvadoran President Sanchez at first tried to play down the crisis, which grew out of excesses committed by fans during a soccer match between the two countries last week. The influx of thousands of Salvadorans from Honduras, combined with their stories of mistreatment by Hondurans, inflamed public opinion to the point where Sanchez feared that his government would fall if he continued a conciliatory approach.

Both countries have already requested an investigation by the Inter-American Human Rights Commission and the foreign ministers of Costa Rica, Guatemala, and Nicaragua have offered to mediate.

The break in relations may sharpen popular feeling in Honduras against the more than 250,000 Salvadorans who live there. Should their exodus continue, the Salvadoran Government would come under even more pressure to continue to be nasty to its neighbor. Economic relations between the two countries and between them and the Common Market may also be disrupted.

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Poland: [A number of government personnel changes may be announced today at the end of a two-day session of parliament, according to Polish journalists in Warsaw.] Most of the personnel changes will probably focus on the government's economic managers. This would follow the line set at the party congress last November which stressed the need to rationalize domestic economic policy and to put more flexibility into foreign trade policy. If these shifts take place, they will probably follow a staffing pattern set at the party congress by introducing new blood without affecting party leader Gomulka's control over policymaking. [REDACTED]

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Southern Yemen: The new leftist government continues to consolidate its position but its survival depends upon the backing of the army, which appears divided over its support to the government. There are also reports that the ousted members of the government, including ex-President Qahtan al-Shaabi, are thinking about making a bid for reinstatement; the extent of support they might command, however, is unknown. [REDACTED]

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South Korea: Following two weeks of peaceful on-campus protests against changing the constitution to allow President Pak to seek a third term, attempts by an estimated 1,000 students to demonstrate in Seoul's streets yesterday precipitated clashes with riot police resulting in some injuries. The government has been handling the potentially volatile student situation gingerly, but at the same time is anxious to avoid any appearance of weakness. The start of final examinations next week and the ensuing summer vacation may provide the government with a reprieve. [REDACTED]

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